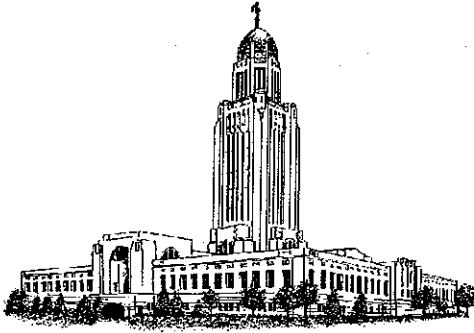


Nebraska State Legislature

MICHAEL J. FLOOD
Senator

SPEAKER OF THE LEGISLATURE

District 19
105 South 2nd Street
Norfolk, Nebraska 68701
(402) 371-4844



Legislative Address:

State Capitol
PO Box 94604
Lincoln, Nebraska 68509-4604
(402) 471-2929
mflood@leg.ne.gov

September 4, 2007

Commissioner Rod Johnson
Public Service Commission
PO Box 94927
Lincoln, NE 68509-4927

Docket No. NG-0051/PI 130

RE: Nebraska Public Service
Commission/Natural Gas
Regulation

Dear Commissioner Johnson:

Last July, the City of Norfolk lost a potential 200 plus jobs because our natural gas capacity was inadequate. Two hundred jobs that could have helped defray the loss of our packing plant in 2005. Two hundred jobs that would have helped reverse a declining student enrollment in our school system. Two hundred jobs that would contribute to the economic opportunity in this community of 23,000, a community which is an hour and a half or more away from an interstate in any direction.

It is my understanding that the Nebraska Resources Company, L.L.C., wholly owned subsidiary of Seminole Energy Services, L.L.C. of Tulsa, Oklahoma, has made a request that the Nebraska Public Service Commission consider using its regulatory authority to oversee and facilitate the building of an interstate "hinshaw" pipeline. I want to be very forward in this manner. I strongly believe the Nebraska Public Service Commission should have the authority to regulate intrastate "hinshaw" pipelines that are built within the borders of our sovereign state.

Rod Johnson, Chair
Public Service Commission
September 4, 2007
Page 2

To give you a little background on what occurred in Norfolk, I offer you the following: In March of 2007, Specialty Soy Protein, L.L.C. told Norfolk officials that they would be locating an organic soy plant in my community. At that time, it was the understanding of the parties involved, including the City of Norfolk and our Elkhorn Valley Economic Development Council, that an adequate natural gas supply would be available and ready for use by this new company. On or about June 1, 2007, uncertainty began to boil by the principals of this new company. Specialty Soy Protein needed 1,500 decatherm per day, firm, on the first day of operation estimated April 2008, and up to 6,000 decatherms per day, firm, upon their expansion in 2010 or 2011. It was at this time that we learned that our natural gas pipeline, Kinder Morgan, was at capacity and could not service the natural gas needs of this new company.

Instead of sitting down at the table to find a solution, Kinder Morgan simply tallied up what it would cost their company to build the extra infrastructure by looping the line and adding extra compression between Albion and Norfolk and then building that back into the rates for this new company. Obviously, a start-up company cannot afford in excess of \$10 million of additional expense simply because they want to be located in Norfolk. The result--they left town, moved to South Sioux City and with it, took over \$16 million in local investment and forever closed the possibility that we would have the opportunity to employ those 200 people in Norfolk.

Competition is good. Options are better. At this time, Norfolk has no options. We have no opportunity to grow. We are wholly dependent on a company regulated by the federal government with little hope of seeing any progress. Norfolk, Nebraska needs the Public Service Commission to exercise its authority and to consider the application filed by Nebraska Resources Company, L.L.C. We have no other choice. Norfolk, like Wayne, O'Neill, Central City, Nebraska City, and Laurel, and many other communities across this state do not grow until the proper infrastructure is in place.

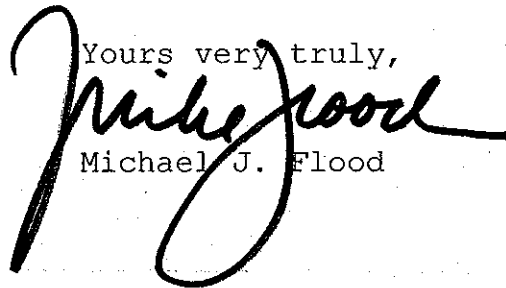
Rod Johnson, Chair
Public Service Commission
September 4, 2007
Page 3

How many jobs do we have to lose before major changes are made? The opportunity of 200 jobs does not come around everyday in Norfolk. We put our trust in a pipeline that is unwilling to take a chance on our community. A pipeline that had options to work with a community to ride out this storm, provide the extra capacity, keep the company in Norfolk and work for a long-term solution. Kinder Morgan was not interested in a long-term solution.

I believe that the Nebraska Public Service Commission has the authority to issue and regulate intrastate "hinshaw" pipelines and would ask that you undertake this authority at the earliest opportunity. Additionally, I request that you make a copy of this letter part of the record in advance of the September 25, 2007, hearing, of which I plan to attend.

Thank you to you and the other members of the Public Service Commission for your consideration of this matter. I look forward to learning of your decision with respect to this issue and would be happy to discuss this with you at your convenience.

Yours very truly,

A handwritten signature in black ink, appearing to read "Mike Flood", written over the typed name "Michael J. Flood".

Michael J. Flood

MJF:lbw

Cc: Commissioner Frank Landis
Commissioner Ann Boyle
Commissioner Tim Schramm
Commissioner Jerry Vap